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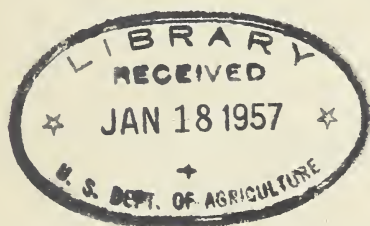
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Loans

for Agricultural

Production on

the Farm Front

(1943 Farm Goals)



From your U. S. D. A.
County War Board
and the R. A. C. C.

2 U. S. Department of Agriculture

✓ Food Production Administration

20 Production Loans Branch

✓ U. S. Farm Credit Administration.

Can You Increase Production of needed agricultural products by utilizing credit?

Have you a regular source from which you can obtain a loan or credit?

If you do not have, then you will be interested in the following questions and answers about loans which may be made by the Regional Agricultural Credit Corporation.

Q. Where can such loans be obtained?

A. You should inquire of the United States Department of Agriculture county war board in your county for full information.

Q. What is the Regional Agricultural Credit Corporation, commonly known as the RACC?

A. The RACC is a government-owned corporation which was created in 1932 to meet farmers' and stockmen's emergency needs for short-term credit. During 1932-33, in order to meet the emergency the RACC loaned farmers and stockmen some \$425,000,000. When commercial banks and the usual lenders of production credit to farmers were again able to do this financing and production credit associations were organized, the RACC's proceeded to liquidate their loans. Now with a different type of credit required to insure the greatest possible production of food and fiber for the war, this credit agency has been renewed.

Q. What can I use the money for?

A. The purpose of these loans is to help farmers meet the exceedingly high 1943 production goals they have set for themselves, where that help is necessary, by making available credit to enable every producer, large, medium, or small, to produce to the limit essential products without being hampered by inadequate finances. On the other hand, it is not a substitute for other sources of credit, nor is it intended to compete with other lenders. Its purpose is to supplement such other sources of credit where needed. Each producer is urged to obtain his financial requirements, if possible, from other sources. But if he really needs this RACC credit, it is available to help him utilize to the fullest his farming facilities in the production of food, fiber, and oils needed in wartime. In granting or withholding such

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loans the county war board will have to determine whether the applicant can use the funds to produce efficiently. To qualify, the farming operations of the applicant should be such as to afford every reasonable assurance that the indebtedness will be liquidated.

Q. Suppose I want to borrow to purchase seed, feed, fertilizer, fuel, or grease for my tractor, tires for my truck or tractor or car, purchase machinery or repair parts, or pay for hired labor on the farm. Are these all purposes for which RACC loans are made?

A. Yes.

Q. I can get priority on hog fencing. Is the purchase of fencing one of the purposes for which loans are made?

A. Yes, if this is necessary to increase production.

Q. How about financing the purchase of baby chicks and chicken feed?

A. Yes, they are included.

Q. I have the feed, but I want to borrow the full price of some feeder cattle. Does that come within the category of an RACC loan?

A. Yes.

Q. Can I borrow to purchase dairy cows or heifers?

A. Yes.

Q. Can I borrow to build a new barn?

A. Loans will not be made for extensive permanent improvements. See the production credit association, national farm loan association, local bank, or farm mortgage lender.

Q. Can I enlarge my present barn or chicken house?

A. Yes, if such enlargement can be considered a "minor improvement." Construction of small poultry houses, cribs, or storage bins can also be financed.

Q. Can I use the money to buy some more land?

A. No. There are other sources such as national farm loan associations, insurance companies, mortgage and other bankers.

Q. Can I borrow to build a new house or improve my present one?

A. No. This hardly comes under the heading of aid in production of Food for Freedom. See the national farm loan association, insurance companies, mortgage and other bankers.

Q. How much can I borrow?

A. Individual loans may be made in the amount needed to assist in meeting individual farm production goal quotas.

Q. What security do I have to give?

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A. Ordinarily it must be a first lien on the crop, livestock, or equipment financed.

Q. *When do I have to repay the loan?*

A. Loans will be repaid when goods financed are sold, not exceeding one year. Unpaid balances of loans for livestock, machinery, etc., may be renewed or extended but at least one-third of the amount advanced for such capital purposes should be repaid the first year.

Q. *What happens if I have a crop failure or the value of the crop is not sufficient to pay the advance.*

A. Ordinarily, you will be liable to repay the full amount borrowed, with interest, whether or not the particular crops financed will repay the debt.

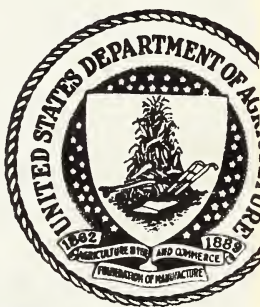
However, if you undertake the production of any of certain crops especially designated by the Food Production Administration as essential war crops you may be eligible for a special war crop advance. For such advances a special form of note will be used. Under that note if you apply to the repayment of the advance the full proceeds of the crops financed (including the proceeds of insurance and incentive or other similar payments made on these crops) and that amount does not fully repay the advance, you will not be liable for the balance of the obligation if you have used the money advanced for the production of the crops and have diligently applied principles of good husbandry to their production. The essential war crops to which such special treatment applies are as follows:

- Soybeans for beans
- Flax for seed or fiber
- Peanuts to be harvested and picked
- Irish potatoes where farm goal is 3 acres or more
- Sweet potatoes on farms with goals determined
- American Egyptian cotton
- Hemp for seed or fiber
- Dry beans
- Dry peas, excluding wrinkled varieties
- Castor beans
- Tomatoes, snap beans, lima beans, peas, carrots, for processing or sale fresh
- Cabbage, sweet corn, table beets, for processing only

Q. *Do I have to get a waiver or subordination of prior liens or mortgages?*

A. Yes, in most instances. That will be worked

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out for you by your USDA county war board if it decides to make you a loan.

Q. Should I get an RACC loan instead of one from my local bank, the production credit association, the Farm Security Administration, or the emergency crop and feed loan office?

A. No, if they can provide you with the credit you need to carry on your increased production. In announcing this loan service, Secretary Claude R. Wickard said: "This program is not a substitute for other sources of credit, nor is it intended to compete with other lenders. Its purpose is to supplement such other sources of credit where needed. Each producer is urged to obtain his financial requirements, if possible, from other sources."

Q. How do I decide what kind of loan to apply for?

A. You can talk over your needs with your USDA county war board at which there is a loan representative of the RACC. He and the board will advise you whether you qualify for a loan.

Q. How long does it take to get a loan?

A. Loans are made promptly. The loan representative of your USDA county war board will draw up the papers and a draft on the RACC will be available within a few days at most. Applications should be made in advance of the time the funds are needed, if possible.

Q. Is the money advanced all at once or is it available as needed during the season?

A. Funds will be advanced as the borrower's program requires them.

Q. How is interest figured?

A. The rate is 5 percent per annum and it is figured on the actual number of days you have the money.

Q. Is interest paid in advance or when I pay back the loan?

A. When you repay the loan.

Q. Can I pay back the money in installments as I sell my crops or livestock or milk?

A. Yes.

Q. Can I apply my AAA payments on the loan?

A. Yes, if you want to. Except for the application of incentive payments or other similar payments in cases of special war crop advances you will not be required to apply Government payments.

Q. Should I borrow from the RACC instead of getting credit from a merchant or dealer?

A. By paying cash you may be able to save more

than the interest on the loan. Also the dealer or merchant may charge you interest in addition to the time payment price.

Q. Do I have to pay any fees in addition to interest?

A. Yes, fees for recording and filing. There also may be fees for lien searches in some cases where outside help has to be employed to make these searches, and in the case of some loans of \$7,500 or more there will be inspection fees.

Q. Will these loans be continued after the war?

A. Probably not, because they are for the special purpose of assisting those who need them to produce their quotas of food, feed, and oils for freedom.

Q. If I need more money later on, can I get it?

A. Better estimate your needs closely in the beginning. The war board will consider your request for a supplemental loan.

Q. If I borrow somewhere else and find I need some more money to harvest my crops and finish raising my livestock, can I get an RACC loan?

A. That depends to a certain extent on the character and amount of your other obligations. Better take it up with your county war board.

Q. An installment of interest and principal payments is due on my farm mortgage loan. Can I borrow to pay this?

A. Yes. Loans can be made to pay current interest and principal installments on farm mortgage loans.

Q. Can I borrow to pay delinquent taxes or delinquent interest on real estate mortgages?

A. Only in special circumstances. See your county war board.

Q. Can I borrow to pay my current bills for feed, seed, fertilizer, machinery repair parts, etc.?

A. Yes.

Q. I am a landlord. Should I borrow for my tenants or should they borrow directly?

A. Loans will be made to either landlords or tenants.

Q. Can I borrow to pay my taxes?

A. Yes. Loans can be made to pay current real and personal farm property taxes and income taxes but not delinquent taxes.

The policy of the RACC will be to cooperate very closely with the war boards — National, state, and county.

It is important that all farmers keep in close touch with their county war boards to learn of the food goals, incentive payments, and other production plans and programs.

